



Monthly Bulletin

Volume 6, Number 11

May, 2003

DFI to Stop Mailing the Monthly Bulletin

Publication to be distributed by e-mail, DFI Web site

The Department of Financial Institutions (DFI) will stop mailing the *Monthly Bulletin*. This will enable DFI to significantly reduce its publication costs and help preserve natural resources.

Subscribers are invited to continue receiving the *Bulletin* by e-mail. Licensees who are not currently on the list will receive a notice with instructions on how to subscribe. The public list is open to all. For an e-mail subscription to the *Bulletin*, go to the subscription form on the DFI Web site at www.dfi.ca.gov/bulletin/subscription/public.asp, fill in the requested information and click the subscribe button. An e-mail message asking you to confirm your subscription will be sent to the address you provided. Respond as instructed, and your e-mail address will be added to the list. Once you have been confirmed, you will receive a second e-mail message with instructions on how to unsubscribe, etc.

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OCC, OTS and FRB Issue Interagency Statement re Sarbanes-Oxley Compliance

Regulators do not plan to apply Sarbanes-Oxley to nonpublic banks

The OCC, OTS, and FRB jointly issued an [Interagency Statement on the Application of Recent Corporate Governance Initiatives to Non-Public Banking Organizations](#). The interagency statement was prepared in response to questions the agencies have received concerning whether they intend to require banking organizations that are not public companies to comply with the provisions of the Sarbanes-Oxley Act. In the joint statement, the regulators said they will not extend rules governing board composition, director independence, audit committees, auditor independence, or other corporate governance requirements to privately held banks. The statement noted that public or private banks with assets over \$500 million, must comply with the Federal Deposit Insurance Act provisions which resemble those of Sabanes-Oxley on auditing procedures. In addition, bank call reports and thrift financial reports hold institutions to strict standards on accounting. The FDIC issued similar guidance on March 5, [Effect of the Sarbanes-Oxley Act of 2002 on Insured Depository Institutions](#).

Personal Information and Privacy

Licensees are urged to fully review Sections 1798.82 and 1798.84 of the Civil Code (SB 1386) regarding the privacy of customer personal information.

Effective July 1, 2003, any licensee that owns or licenses computerized data that includes personal information must disclose a breach of security of that system to a California customer if that customers' unencrypted personal information was, or is reasonably believed to have been, obtained by an unauthorized person. A licensee who violates section 1798.82 may be liable for damages and/or enjoined from further violations.

Licensees are urged to fully review the new statutes to ensure compliance.

Bank Enterprise Awards

The Community Development Financial Institutions Fund is offering monetary incentives through its Bank Enterprise Award Program to certain eligible FDIC-insured institutions that comply with the program's requirements and submit an application for consideration. Applications are due on July 23, 2003.

The Community Development Financial Institutions (CDFI) Fund will award \$18 million this year in financial incentives through its Bank Enterprise Award (BEA) Program to certain eligible FDIC-insured institutions that comply with the program's requirements and submit an application for consideration. The CDFI Fund is a program administered by the Department of the Treasury that was created by Congress to expand the availability of credit, investment capital and financial services in distressed urban and rural communities. Applications for the BEA Awards will be accepted through July 23, 2003 .

In addition to CRA consideration as community development activities, investments in and loans to a CDFI may make an FDIC-insured institution eligible for monetary incentives under the BEA Program. The program complements the community development activities of traditional banks and thrifts by providing financial incentives to expand investments in CDFIs and to increase lending, investment and services activities within economically distressed communities. The BEA Program provides awards to eligible institutions based on a prioritized ranking of the type of investment or activity, with equity investments and deposits receiving primary consideration. Awards are provided on an annual basis, and eligible institutions must comply with the requirements of the program and submit an application for consideration. Every eligible institution is not guaranteed an award. Further information about the BEA Program is available on the CDFI Fund's Web site at <http://www.cdfifund.gov/programs/BEA/index.asp>.

Business Continuity Planning

On May 20, 2000 the Federal Financial Institutions Examination Council (FFIEC) issued revised guidance for examiners and financial institutions on business continuity planning. The *Business Continuity Planning* Booklet provides guidance and examination procedures to assist examiners in evaluating financial institution and service provider risk management processes to ensure the availability of critical financial services. Sound business continuity plans allow financial institutions to respond to such adverse events as natural disasters, technological failures, human error, and terrorism. Financial institutions must be able to restore information systems, operations, and customer services quickly after any adverse event. It is important that business operations be resilient and that customer service disruptions be minimal.

Credit Union Redistricting Plan Approved

Deputy Commissioner Elizabeth J. Dooley approved a plan effective May 12, 2003 to divide responsibility for regulatory oversight of California state-chartered credit unions from two districts into three. This coincides with the division of the credit union staff into three work teams. An Assistant Deputy Commissioner and Financial Institutions Supervisor will lead each Credit Union Division district.

Previously, the credit union assignments were regionally based. The plan approved by Deputy Commissioner Dooley takes into consideration such factors as size, financial condition, and geographic location. Letters notifying each credit union as to which district it has been assigned will be mailed shortly.

Annual Fee Reminder

The following institution types are reminded that annual fees are due in this office on or before July 1, 2003. Please remit fees payable the Department of Financial Institutions at:

Department of Financial Institutions
111 Pine Street, #1100
San Francisco, CA 94111-5613

Representative offices of foreign (other nation) banks

The annual representative license fee for fiscal year 2003/2004 is due on or before July 1, 2003. The fee, as outlined in Section 1702(i) of the California Financial Code, is \$250.00 for each California representative office of a foreign (other nation) bank doing business as of June 1, 2003. Those foreign (other nation) banks which also maintain agency or branch offices in California are not subject to this fee. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Branch offices of foreign (other state) state banks

The annual fee for fiscal year 2003/2004 is due on or before July 1, 2003. The fee, as outlined in Section 3804(d) of the California Financial Code, is \$1,000.00 per California branch office; provided, however that the minimum fee shall not be less than \$3,000.00 and the maximum fee shall not be more than \$50,000.00. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Facilities of foreign (other state) banks

The annual fee for fiscal year 2003/2004 is due on or before July 1, 2003. The fee, as outlined in Section 3804 (e) of the California Financial Code, is \$250.00 for each facility doing business as of June 1, 2003. Those foreign (other state) banks which also maintain branch offices in California are not subject to this fee. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

Transmitters of money abroad

The annual fees for fiscal year 2003/2004 are due on or before July 1, 2003. The fees, as outlined in Section 1801(a) of the California Financial Code, are: \$2,500.00 for each transmitter of money abroad license; \$125.00 for each licensee branch office; \$25.00 for each agent headquarters office, and \$25.00 for each agent branch office. Please remit fees to the attention of Julio Prada at the above address. For questions about fees call (415) 263-8540 or e-mail jprada@dfi.ca.gov.

Business and Industrial Development Corporation (BIDCO)

The annual license fee for fiscal year 2003/2004 is due on or before July 1, 2003. The fee, as outlined in Section 31115(a)(6), is \$2,000.00 for each BIDCO doing business as of June 1, 2003. Please remit fees to the attention of Patrick Carroll at the above address. For questions about fees, call (415) 263-8559 or e-mail pcarroll@dfi.ca.gov.

IRS Invites Financial Institutions To Join EFTPS Marketing Campaign

Federal tax payments via electronic funds transfer

The Internal Revenue Service (IRS) wants to partner with local banks to promote the use of the Electronic Federal Tax Payment System, known as EFTPS. EFTPS is a way for business and individual taxpayers to make all their federal tax payments via electronic funds transfer instead of checks and paper coupons. Not only is EFTPS easier and more efficient, businesses having more than \$200,000 of depository taxes in 2001 are required to use EFTPS in 2003 and all future years. All businesses and individuals, however, may use EFTPS.

The IRS is launching a new marketing campaign designed to boost enrollment in and use of EFTPS, a free service that compliments other electronic services your bank may offer to small business customers. The greatest benefits to your bank are improving customer service and focusing bank resources on achieving a greater efficiency.

EFTPS is an efficient, accurate and quick way for businesses and individuals to pay employment, income, estimated and excise taxes. Many taxpayers simply don't know about this option and continue to use paper Federal Tax Deposit Coupons 8109 coupons and checks, rather than initiate electronic funds transfers by going online or making a toll-free phone call.

One bank estimated that processing paper coupons costs two to four dollars each. Small business taxpayers also pay the hidden cost of visiting a bank branch and waiting in line to deposit their payroll and other federal taxes. EFTPS is more efficient both for banks and taxpayers.

The IRS, which has an interest in helping businesses stay current with their tax payments, has initiated a two-pronged marketing program to increase the use of EFTPS. We are asking local banks to promote EFTPS to small businesses opening new business checking accounts. Also, we are asking local banks to promote EFTPS to small businesses that make employment tax and other business tax deposits in the branch.

New account holders frequently look to the bank as a source of information on both the practical aspects and tax responsibilities for their new businesses. Banks benefit by marketing EFTPS and other free IRS resources to new account holders who need help to understand and to keep current with their tax obligations. The branch can utilize free products and services provided by the IRS to address frequently asked questions about business taxes. Other free IRS resources for small businesses include the Small Business Resource Guide on CD-ROM and the new EIN-Online service.

Similarly, banks benefit by marketing EFTPS to current account holders. Using EFTPS not only reduces foot traffic in their branches but also maintains excellent customer service by exposing customers to free online services and tax resources about which these customers might not otherwise be aware. A similar marketing initiative in Oregon demonstrated that banks decreased their processing of paper federal tax deposit coupons by a minimum of 13% by promoting the use of EFTPS. At the same time, banks

increased customer satisfaction due to the ease, convenience, flexibility, security, accuracy and time saving features of EFTPS.

Businesses and individuals wanting to make tax deposits by phone or computer must first enroll in EFTPS. Using EFTPS is free and requires no special equipment. EFTPS enrollment can be completed online at www.eftps.gov. Taxpayers may also enroll by calling (800) 945-8400 or (800) 555-4477.

In short, the IRS marketing project offers banks the opportunity to provide an important service to their customers while reducing paper-processing costs, and decreasing foot traffic at the bank. Financial institutions interested in participating in the EFTPS marketing campaign should contact any one of the IRS specialists listed below:

Bay Area:	Terri Malone	510-637-2621
Fresno:	Alexis Lindauer	559-271-6150
Laguna Niguel:	Shana Hart	562-980-3308
Los Angeles:	Georgina Espinosa	626-312-5144
Sacramento:	Rita Palacios-Rader	916-974-5050
San Bernadino:	Amy Smith	909-388-8234
San Diego:	Nina Walker	619-557-5631
San Jose:	James Kinsey	408-817-6842.

For EFTPS resources on the Web, go to <http://www.irs.gov/efile/article/0,,id=98005,00.html>. The TDD hearing-impaired number is (800) 945-8900 or (800) 733-4829. The EFTPS Customer Service number for assistance in Spanish is (800) 945-8600 or (800) 244-4829.

Commercial Bank Activity

New Bank

Bay Business Bank

Proposed location: in the vicinity of 2999 Oak Road, Walnut Creek, Contra Costa County

Correspondent: Maryam Hamzeh

Carpenter & Company

5 Park Plaza, Suite 950

Irvine, CA 92614

Phone: (949) 261-8888

Filed: 5/5/03

Commercial Bank of California

695 Town Center Drive, Suite 100, Costa Mesa, Orange County

Web site: www.combancal.com

Officers: K.P. Bala Balkrishna, President and Chief Executive Officer

Paul E. Adkins, Senior Vice President and Chief Financial Officer

Carl P. Patsko, Senior Vice President and Chief Credit Officer

(714) 431-7000

Capitalization: \$27,350,000.00

Opened: 5/15/03

New Banks (Continued)

Diablo Valley Bank

Proposed location: in the vicinity of San Ramon Valley Boulevard and Hartz Way, Danville, Contra Costa County

Correspondent: Mr. James H. Avery

James H. Avery Company

PO Box 3009

San Luis Obispo, CA 93403

Phone: (805) 544-5477

E-mail: jhaverco@aol.com

Approved: 5/2/03

Torrey Pines Bank

550 West C Street, Suite 100, San Diego, San Diego County

Web site: www.torreybank.com (under construction)

Officers: Gary Cady, President

Robert Sarver, Chairman and Chief Executive Officer

Phil Fowler, Chief Financial Officer

Phone: (619) 233-2500

Capitalization: \$20,000,000.00

Opened: 5/23/03

Purchase of Partial Business Unit

Cathay Bank, Los Angeles, to acquire the New York Branch of CITIC International Financial Holdings Limited, dba CITIC Ka Wah Bank Limited, New York

Effected: 5/27/03

Acquisition of Control

America Bancshares, Inc. to acquire control of Sun Country Bank, Victorville

Filed: 5/22/03

Citizens Bancorp, to acquire control of Citizens Bank of Nevada County, Nevada City

Filed: 4/14/03

Approved: 5/12/03

Savings and Loan Association Activity

Acquisition of Control

Malaga Financial Corporation, to acquire control of Malaga Bank, S.S.B., Palos Verdes Estates, through merger with Malaga Merger Corporation

Exempted: 5/19/03

(The merger of Malaga Merger Corporation with and into Malaga Bank, S.S.B., Palos Verdes Estates approved 5/19/03)

Premium Finance Company Activity

New Premium Finance Companies

Capitol Payment Plan of California, Inc.

21820 Burbank Boulevard, Suite 300, Woodland Hills, CA 91367

Approved: 5/12/03

Focus Premium Finance Company

6046 Cornerstone Court West, Suite 202, San Diego, San Diego County

Approved: 5/9/03

Mid-America Premium Finance Company West

6046 Cornerstone Court West, San Diego, San Diego County

Approved: 5/12/03

PFS Financing Corp. of California

601 South Glenoaks Boulevard, Suite 403, Burbank, Los Angeles County

Approved: 5/12/03

RSA Premium Finance Company

2501 East Chapman Avenue, Suite 100, Fullerton, Orange County

Approved: 5/12/03

Snowcrest Funding, Inc.

2501 East Chapman Avenue, Suite 100, Fullerton, Orange County

Approved: 5/9/03

Voluntary Surrender of License

Fremont Premium Finance Corporation

2020 Santa Monica Boulevard, Santa Monica, Los Angeles County

Effected: 5/14/03

Foreign (Other Nation) Bank Activity

Change of Name

Thai Farmers Bank Public Company Limited, to Kasikornbank PCL
Effected: 4/8/03

Foreign (Other State) Bank Activity

New Facility

Franklin Bank S.S.B. (Facility – Insured Bank)
23001 Del Lago Drive, Suite D-2, Laguna Hills, Orange County
177 W. Henderson Avenue, Suites 3 & 4, Porterville, Tulare County
Notified: 5/5/03

Credit Union Activity

Mergers

Franklin-Media Credit Union, Oakland, into Meriwest Credit Union, San Jose
Filed: 3/12/03
Approved: 4/10/03
Effective: 5/1/03

Los Robles Federal Credit Union, Thousand Oaks, into Ventura County Credit Union, Ventura
Effected: 5/12/03

San Gabriel Valley Credit Union, Walnut, into Credit Union of Southern California, Brea
Effected: 3/3/03

Super U Credit Union, Sacramento, into California Community Credit Union, Sacramento
Approved: 9/3/02
Effected: 1/24/03

Field of Membership

Seven credit unions received approvals to add 12 new fields of membership during April 2003.

Bylaw Amendments

Six credit unions received approvals for six bylaw amendments during April 2003.

Transmitter of Money Abroad Activity

New Transmitter

Samso's Express Money Transfer, Inc.

Filed: 5/22/03

DONALD R. MEYER

Commissioner of Financial Institutions

Bulletin for Month ended
May 2003, issued pursuant
to Financial Code, Section 258



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